

St. Paul Regional Office — St. Paul, MN

Revised February 2016

Popcorn ARPI

Iowa, Minnesota, and Wisconsin

Crop Insured

All popcorn is insurable if:

- Grown in the county on insurable acreage;
- Premium rates are provided;
- You have a share; and
- Grown under and in accordance with the requirements of a processor contract executed on or before the acreage reporting date.

Counties Available

See actuarial documents at webapp.rma.usda.gov/apps/actuarialinformationbrowser2016/CropCriteria.aspx for insurable counties. Written Agreements are not available under Area Risk Protection Insurance (ARPI) plans. Contact an insurance agent for more details.

Causes of Loss

ARPI provides protection against loss of revenue or against loss of yield in a county resulting from natural causes of loss that cause the final county yield or the final county revenue to be less than the trigger yield or the trigger revenue.

Insurance Period

Insurance coverage begins on the later of

- Date we accept your application; or
- The date the popcorn is planted.

Important Dates

Sales Closing	March 15, 2016
Final Planting	June 14, 2016
Acreage Reporting	July 15, 2016
Premium Billing	August 15, 2016
Production Reporting	February 15, 2017

General Explanation of ARPI

ARPI is designed as a risk management tool to insure against widespread loss of production of the insured

crop in a county.

The ARPI policy has less paperwork and generally lower premium cost than multiple peril crop insurance (MPCI). The policy was developed on the basis that when an entire county's crop yield is low, most farmers in that county would also have low yields.

ARPI allows you to select a different coverage level of insurance for each insurable crop type and practice. Under the ARPI Area Yield Protection (AYP) plan, you can also select the Catastrophic Risk Protection (CAT) level of insurance for one type and practice, and select an additional (buy-up) level of coverage for a different type and practice. A separate administrative fee is charged for CAT and buy-up coverage.

ARPI Limitations:

- Because ARPI is an area plan, you may have a low yield or low revenue on the acreage you have insured and still not receive a payment.
- Lenders may not accept ARPI coverage as collateral.

Definitions

Expected County Yield - The yield contained in the actuarial documents on which your coverage for the crop year is based. This yield is determined using historical National Agricultural Statistics Service (NASS) county average yields, as adjusted by Federal Crop Insurance Corporation (FCIC).

Expected County Revenue - The expected county yield multiplied by the projected price.

Final County Yield - The yield, established in accordance with section 15 of the policy, based on the best available data for the insurable crop and used to determine whether an indemnity is due under the Area Yield Protection plan.

Final County Revenue - The revenue determined by multiplying the final county yield by the harvest

price. This is used to determine any indemnity due for the area revenue plans.

Harvest Price - The price of popcorn determined in the fall in accordance with the Commodity Exchange Price Provisions (CEPP).

Loss Limit Factor - Unless otherwise specified in the Special Provisions, a factor of 0.18 is used to calculate the payment factor.

Payment Factor - A factor no greater than 1.0 used to determine the amount of indemnity to be paid in accordance with Section 12(g) of the ARPI policy.

Projected Price - The price of popcorn determined in the spring in accordance with the CEPP. The projected price is used to establish your insurance coverage.

Protection Factor - The percentage you choose that is used to calculate the dollar amount of insurance per acre and policy protection.

Trigger Yield - The result of multiplying the expected county yield times your coverage level. This is used to determine any indemnity due under the area yield protection plan.

Trigger Revenue - The revenue amount calculated by multiplying the expected county yield times the projected price or harvest price (depending on which area revenue plan you have selected) times your coverage level. This is used to determine if an indemnity is due.

Coverage Levels and Premium Subsidies

ARPI plans may be insured at the coverage levels shown in the following table. Crop insurance premiums are subsidized as shown. For example, if you select the 85-percent coverage level, your trigger yield or trigger revenue is 85 percent of the expected county yield or expected county revenue. The premium subsidy is 49 percent, and your premium share is 51 percent of the base premium. Under the Area Yield Protection plan, CAT coverage is available at 65 percent of the yield coverage and 45 percent of the price coverage. The total cost for CAT coverage is an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

Item	Percent					
Coverage Level	CAT	70	75	80	85	90
Premium Subsidy	100	59	55	55	49	44
Your Premium Share	0	41	45	45	51	56

Insurance Plans

Area Yield Protection - Protection against loss of yield due to a county level production loss. No

individual loss protection is available.

Area Revenue Protection - Protection against loss of revenue due to a county level production loss, price decline, or combination of both, and includes upside harvest price protection. No individual loss protection is available.

Area Revenue Protection with Harvest Price

Exclusion - Provides protection against loss of revenue due to a county level production loss, price decline, or a combination of both. No individual loss protection is available.

Loss Example

Area Yield Protection Example: A loss occurs when the final county yield for the county falls below your trigger yield. This example assumes a 5,346 pounds per acre expected county yield, 85 percent coverage level, and \$1058.51 protection per acre (using 110% protection factor). Projected price estimated to be \$0.18 per pound and harvest price estimated to be \$0.16 per pound. The actual prices will be announced in March and November respectively.

5,346	Expected county yield (pounds per acre)
x 0.85	Coverage level selected
4,544	Trigger yield (pounds per acre)
- 3,000	Final county yield (pounds per acre)
1,544	Deficiency (pounds per acre)

Deficiency ÷ (trigger yield - (expected county yield x loss limit factor)) =

0.431 Payment factor

5,346	Expected county yield (pounds per acre)
1.10	Protection factor
x \$0.18	Projected price per pound
\$1058.51	Protection per acre

0.431	Payment factor
x \$1058.51	Protection per acre
\$456.22	Indemnity per acre

Area Revenue Protection Example: A loss occurs when the final county revenue falls below your trigger revenue. See yield example for other variables used for the county.

5,346	Expected county yield (pounds per acre)
x \$0.18	Projected price per pound
\$962.28	Expected county revenue per acre

3,000	Final county yield (pounds per acre)
x \$0.16	Harvest price per pound
<u>\$480.00</u>	Final county revenue per acre

4,544	Trigger yield (pound per acre)
x \$0.18	Projected price per pound
\$817.92	Trigger revenue per acre
- \$480.00	Final county revenue per acre
<u>\$337.92</u>	Deficiency per acre

Deficiency ÷ (trigger revenue -
(expected county revenue x loss limit
factor)) =

0.524 Payment factor

5,346	Expected county yield (pounds per acre)
1.10	Protection factor
x \$0.18	Projected price per pound
<u>\$1058.51</u>	Protection per acre

0.524	Payment factor
x \$1058.51	Protection per acre
<u>\$554.66</u>	Indemnity per acre

Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. Your premium will be deducted from any indemnity payment. See policy provisions.

Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at <http://www.rma.usda.gov/tools/agent>.

Contact Us

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